

Message Text

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ACTION PM-04

INFO OCT-01 NEA-10 ISO-00 CIAE-00 INR-07 NSAE-00 NSC-05

SP-02 SS-15 MC-02 ACDA-07 OMB-01 TRSE-00 L-03 H-02

IGA-02 AID-05 /066 W

----- 083619

R 061142Z OCT 76

FM AMEMBASSY AMMAN

TO SECDEF WASHDC

INFO SECSTATE WASHDC 9239

CINCEUR

C O N F I D E N T I A L AMMAN 5164

SECDEF FOR ISA ASST SEC MCAULIFFE

E.O. 11652: GDS

TGS: MASS, JO, US

SUBJECT: JORDAN ARMORED REBUILD FACILITY

1. THE FOLLOWING DESCRIPTION AND ASSESSMENT OF JAF REBUILD FACILITY IS SUBMITTED IN ACCORDANCE WITH RECENT REQUEST TO AMBASSADOR PICKERING FROM ASST SEC MCAULIFFE.

2. CONCEPT STUDIES OF JORDAN ARMORED REBUILD FACILITY WERE INITIATED IN 1972 BY JAF AND PRESENTED TO USG. PRELIMINARY ANALYSES AND BUDGET ESTIMATES OF APPROXIMATELY DOLS 17 MILLION FOR THE TOTAL COST OF SUCH A FACILITY SUGGESTED IT WAS A COST EFFECTIVE MEANS OF TRACK VEHICLE MAINTENANCE VERSUS ALTERNATIVE OF NEW PROCUREMENT, OR RETURN OF ASSETS TO CONUS OR UK FOR REBUILD. USE OF FACILITY BY ARAB NEIGHBORS WAS ALSO CONSIDERED A POTENTIALLY VIABLE FACTOR. PRIMARY EMPHASIS WAS PLACED ON UPGRADING EXISTING M48A1 ASSETS TO A3 AND POSSIBLY A5 CONFIGURATION. SUCCESSFUL CONVERSION OF AN M48A1 TO A3 CONFIGURATION IN 1973 WITHOUT U.S. TECHNICAL ASSISTANCE GAVE GOJ FURTHER CONFIDENCE IN THEIR CAPABILITIES AND FEASIBILITY CON-
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CEPTION.

3. A JORDAN ARMY TASK GROUP WAS ESTABLISHED AND DURING CY 73-74 STUDIES WERE EXAMINED IN GREATER DETAIL. FROM THESE STUDIES EMERGED AN OUTLINE OF A FACILITY PATTERNED AFTER ANNISTON ARMY DEPOT. COST ESTIMATES VARIED FROM DOLS 9 TO DOLS 17 MILLION, BASED ON EXPANSION OF AVAILABLE FACILITIES TO NEW CONSTRUCTION AND WERE GENERALLY SUBSTANTIATED BY DOD STUDIES WHICH WERE NOT IN-DEPTH REVIEWS.

4. IN 1974, TOGETHER WITH U.S. TECHNICAL ASSISTANCE FROM ANNISTON, GOJ DEFINED SPECIFICATIONS AND A SCOPE OF WORK SUITABLE FOR PROJECT INITIATION. USG ASSISTANCE WAS FORMALLY REQUESTED SEPTEMBER 74 TO DEVELOP FINAL DESIGNS, PROCURE EQUIPMENT, ASSIST IN TRAINING, AND PROVIDE PROJECT MANAGEMENT. THE U.S. CORPS OF ENGINEERS WAS DESIGNATED AS PROJECT COORDINATOR, AND FMS CASE HAA WAS SIGNED APRIL 24, 1975 TO INITIATE PROGRAM.

5. AS DESIGN STUDIES PROGRESSED AND COTS WERE FURTHER DEFINED IT BECAME APPARENT THERE WAS A WIDE DISPARITY BETWEEN COE AND BOJ ESTIMATES. THE LATEST COE ESTIMATE IN AUGUST 1976 OF DOLS 105.5 MILLION WAS CONSIDERED UNREASONABLE BY JAF, PRIMARILY BECAUSE JAF BELIEVES JORDANIAN LABOR AND CONSTRUCTION COSTS ARE FAR LOWER THAN COE ESTIMATES WHICH ARE BASED ON SAUDI ARABIAN COST FACTORS. IT SHOULD BE NOTED GOJ POSITION HAS CHANGED HOWEVER AFTER DISCUSSIONS WITH COE FROM PREVIOUS ESTIMATE OF DOLS 17 MILLION TO APPROXIMATELY DOLS 50 MILLION. WHETHER THIS IS DUE TO RECOGNITION OF INADEQUACIES OF INITIAL STUDIES OR SUBSTANTIAL LOCAL INFLATION SURGE IS NOT KNOWN. IT IS PROBABLY A COMBINATION OF BOTH. COE HAS BEEN ASKED TO RE-LOOK AT DESIGNS. IN ORDER TO LOWER COSTS THE SCOPE OF WORK, NUMBER OF BUILDINGS, FACILITIES, AND PRODUCTION OUTPUT SCHEDULES HAVE BEEN REDUCED.

6. THUS FAR JAF HAS NOT PERFORMED STUDY OF COST-EFFECTIVENESS OF REBUILD FACILITY AT THESE HIGHER COST ESTIMATES FOR FACILITY. WE ARE ALSO SKEPTICAL THAT JAF

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FACILITY CAN FEASIBLY SERVICE TRACKED VEHICLES FROM ARAB OIL-RICH GULF STATES IN THE NEAR FUTURE SINCE THEY CURRENTLY HAVE LIMITED AMOUNTS OF SUCH EQUIPMENT OF U.S. ORIGIN. (MOST SAUDI AND UAE ARMORED EQUIPMENT IS WE BELIEVE CURRENTLY OF BRITISH OR FRENCH ORIGIN.)

7. DURING THE COURSE OF THIS PROJECT USG HAS MAINTAINED A POSTURE OF WILLINGNESS TO ASSIST JAF EXPLORE FEASIBILITY

OF PROJECT AND TO USE SOME MAP FUNDS IN ITS SUPPORT. HOWEVER, NO RPT NO U.S. COMMITMENT HAS BEEN MADE TO PROJECT IMPLEMENTATION. RELUCTANCE ON THE PART OF GOJ TO BREAK OFF NEGOTIATIONS TENDS TO LEAD US TO BELIEVE THEY FEEL PROJECT IS A WORTHWHILE EFFORT. WE UNDERSTAND COE CONCERNS OVER PRICING ASPECTS AND THEIR DESIRE TO PROVIDE THE BEST POSSIBLE END PRODUCT, AND WE ALSO APPRECIATE THE DIFFICULTY OF INTEGRATING A US-DEVELOPED PACKAGE APPROACH INTO SEVERAL INTRINSIC VARIABLES INVOLVED IN JORDAN ECONOMY AND MANAGEMENT CAPABILITIES. WE DO NOT KNOW WHERE TOTAL FUNDS TO SUPPORT THE FACILITY WOULD COME FROM AND RECOGNIZE ONLY A LIMITED FIGURE FOR O&M COSTS IS INCLUDED IN COE STUDIES. IF GOJ CAN SOMEHOW OVERCOME THIS PROBLEM THERE ARE MANY OTHER AREAS THEY MUST DEAL WITH BEFORE A FACILITY OF SME TYPE IS OPERATIONAL HERE. EMBASSY/MAP AMMAN WILL CONTINUE TO MONITOR AND IF NECESSARY GUIDE DECISIONS TOWARD A COURSE OF ACTION CONSISTENT WITH U.S. OBJECTIVES HERE. IN SHORT, HOWEVER, FACILITY SEEMED FAR MORE FEASIBLE AND COST EFFECTIVE AT DOLS 17 MILLION THAN AT PRESENT DOLS 50-100 MILLION PRICE TAG.

8. WE SUGGEST THAT DURING JMC YOU MAY WISH TO QUERY JORDANIANS ON FEASIBILITY AND COST EFFECTIVENESS OF PROJECT, GIVEN CURRENT HIGH COST ESTIMATES AND LIMITED FUNDING AVAILABLE FOR IT. WHILE INDICATING OUR CONTINUING WILLINGNESS TO HELP THEM STUDY PROJECT FEASIBILITY AND TO KEEP AN OPEN MIND, YOU MAY INDICATE THAT IT APPEARS TO US JAF WILL NEED TO GET ANSWERS ON FINANCING AND COST-EFFECTIVENESS QUESTIONS BEFORE FINALLY COMMITTING ITSELF TO CONSTRUCTION OF FACILITY. COE MIGHT BE ADVISED TO LOOK AT FEASIBILITY OF EXPANSION OF PRESENT FACILITIES AS AN ALTERNATIVE FOR JAF TO CONSIDER TO FURTHER REDUCE COSTS.

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9. IF YOU HAVE ANY FURTHER QUESTIONS WE RECOMMEND YOU HAVE COL MANN AND COL SENN FROM AMMAN MAP OFFICE BRIEF YOU DURING THEIR FORTHCOMING CONSULTATIONS IN DOD. PICKERING

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CONSTRUCTION, COST ESTIMATES, INDUSTRIAL PLANTS, ARMS PRODUCTION, MILITARY VEHICLES
Control Number: n/a
Copy: SINGLE
Draft Date: 06 OCT 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976AMMAN05164
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760377-0273
From: AMMAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761079/aaaacqbj.tel
Line Count: 159
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION PM
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 15 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 JUN 2004 by BoyleJA>; APPROVED <12 OCT 2004 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: JORDAN ARMORED REBUILD FACILITY
TAGS: MASS, JO, US
To: DOD
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006